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COMFORT GLOVES BERHAD

Registration No. 193701000006 (852-D)
(Incorporated in Malaysia)

STATEMENT TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

(“PROPOSED SHARE BUY-BACK”)

The Resolution in respect of the above proposal will be tabled at the 83rd Annual General Meeting (“AGM”) of Comfort Gloves Berhad (“CGB”) to be conducted through live streaming and online remote using Remote Participation and Voting Facilities (“RPV”) meeting platform at <https://meeting.boardroomlimited.my> as a fully virtual general meeting. Notice of the AGM together with the Form of Proxy are enclosed in the Annual Report 2023 of CGB dispatched together with this Statement.

Form of Proxy should be lodged at Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not later than 48 hours before the time set for the meeting or at any adjournment thereof. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging of the Form of Proxy : Saturday, 25 May 2024, 10.00 a.m.

Date and time of the AGM : Monday, 27 May 2024, 10.00 a.m.

This Statement is dated 26 April 2024

DEFINITIONS

In this Statement, unless otherwise stated, the following abbreviations shall have the following meanings:

- “Act” - Companies Act 2016 and any amendment thereto
- “AGM” - Annual General Meeting
- “Bursa Securities” - Bursa Malaysia Securities Berhad [200301033577(635998-W)]
- “CGB” or “the Company” - Comfort Gloves Berhad [Registration No. 193701000006 (852-D)]
- “CGB Group” or “Group” - CGB and its subsidiary companies as defined in Section 4 of the Companies Act 2016 which are not dormant companies
- “CGB Share(s)” or “Share(s)” - Ordinary share(s) in CGB
- “Circular” - The Circular dated 26 April 2024.
- “Director(s)” - given in Section 2(1) of the Capital Markets and Services Act, 2007 and includes any person who is or was within the preceding 6 months from the date on which the terms of the transactions were agreed upon:
 - (a) a Director of CGB or any other company which is its subsidiary or holding company; or
 - (b) a Chief Executive of CGB, its subsidiary or holding company
- “EPS” - Earnings per share
- “Listing Requirements” - Main Market Listing Requirements of Bursa Securities including any amendments to the Main Market Listing Requirements that may be made from time to time
- “LPD” - 1 April 2024, being the latest practicable date prior to the issuance of this Statement
- “Major Shareholder” - A person who has an interest(s) in voting share(s) in the Company and the number on aggregate number of those shares is: -
 - (a) Ten percent (10%) or more of the total number of voting shares in the Company; or
 - (b) Five percent (5%) or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company;

and shall include any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of CGB, its subsidiary or holding company.

“Interest” shall have the meaning of “interest in shares” given in Section 8 of the Act

DEFINITIONS (CONT'D)

“NA”	-	Net Assets
“Person(s) Connected”	-	Shall have the same meaning given in Paragraph 1.01 of the Listing Requirements
“Proposed Share Buy-Back”	-	Proposed purchase by CGB of its own shares on Bursa Securities of up to ten percent (10%) of its total number of issued shares of CGB
“Subsidiary(ies)”	-	A subsidiary company of CGB as defined in Section 4 of the Companies Act 2016
“Substantial Shareholder”	-	A person who has an interest or interests in one or more voting shares in the Company and the number or the aggregate number of those shares, is not less than five percent (5%) of the aggregate of the total number of all the voting shares of the Company. For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Companies Act 2016
“Treasury Shares”	-	CGB Shares which have been bought back by the Company in accordance with the Companies Act 2016 as authorised by the Articles and retained in treasury

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any references to “the Company” and “CGB” in this Circular are made to CGB, and all references to “the Group” and “CGB Group” are made to the Company and its subsidiary companies. All references to “we”, “us” and “our” are made to the Company, save and where the context otherwise requires, shall include its subsidiaries.

All references to “you” in this Circular are to the shareholders of CGB.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancies in the tables included in this Circular between the amounts listed, the actual figures and the totals thereof are due to rounding.

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COMFORT GLOVES BERHAD
Registration No. 193701000006 (852-D)
(Incorporated in Malaysia)

Registered Office
55A Medan Ipoh 1A,
Medan Ipoh Bistari
31400 Ipoh,
Perak Darul Ridzuan
Malaysia

26 April 2024

Board of Directors

Tan Sri Dato' Lau Eng Guang	<i>(Executive Chairman)</i>
Lau Joo Yong	<i>(Executive Director cum Group Chief Executive Officer)</i>
Lau Joo Pern	<i>(Executive Director)</i>
Chu Nyet Kim	<i>(Independent Non-Executive Director)</i>
Khoo Chie Yuan	<i>(Independent Non-Executive Director)</i>
Datuk Amnah Binti Ibrahim	<i>(Independent Non-Executive Director)</i>

To : The Shareholders of CGB

Dear Sir/Madam,

SHARE BUY-BACK STATEMENT IN RELATION TO PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

At the 82nd Annual General Meeting held on 22 May 2023, the shareholders of the Company approved, inter alia, the authorisation for the Company to purchase its own Shares up to a limit of ten percent (10%) of the total number of issued shares of the Company. The said authorisation shall, in accordance with the Listing Requirements of Bursa Securities, expire at the conclusion of the forthcoming AGM which will be held on Monday, 27 May 2024, unless a new authorisation is received.

Consequently, on 16 April 2024, the Company announced that your Board proposed to seek shareholders' approval for a new authorisation to undertake to seek a renewal of the Share Buy-Back Authority.

The purpose of this Share Buy-Back Statement is to provide you with details of the Proposed Share Buy-Back, to set out the recommendation of the Board thereon and to seek your approval for the resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

Your Directors propose that the shareholders give authority for the Company to purchase such amounts of its own Shares as may be determined by the Directors from time to time through Bursa Securities so that the net amount of Shares bought back or held as Treasury Shares do not exceed ten percent (10%) of the Company's total number of its issued shares at any one time subject to compliance with the provisions of the Act, the Listing Requirements and/or any other relevant authorities.

The approval from the shareholders for the Proposed Share Buy-Back would be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back at the forthcoming AGM and shall be valid until: -

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;
- whichever occurs first.

3. PURCHASE PRICE

Pursuant to Paragraph 12.17 of the Listing Requirements, the Company may only purchase its own Shares at a price which is not more than fifteen percent (15%) above its weighted average market price on Bursa Securities for the past five (5) market days immediately preceding the date of the purchase(s).

Pursuant to Paragraph 12.18 of the Listing Requirements, the Company may only resell or transfer Treasury Shares on Bursa Securities pursuant to Section 127(7) of the Act at:

- (a) a price which is not less than the weighted average market price for the Shares for the five (5) market days immediately before the date of the re-sale or transfer; or
- (b) a discounted price of not more than five percent (5%) to the weighted average market price for the shares for the five (5) market days immediately before the date of the re-sale or transfer, provided that:
 - (i) the re-sale or transfer takes place no earlier than thirty (30) days from the date of purchase; and
 - (ii) the re-sale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

4. MAXIMUM NUMBER OR PERCENTAGE OF SHARES TO BE PURCHASED

The Board proposes to seek a mandate from the shareholders of CGB to purchase and/or hold in aggregate up to ten percent (10%) of the total number of issued shares of the Company at any point in time through Bursa Securities.

As at the LPD, the details of the issued shares are as follows:

	<u>No of Ordinary Shares</u>
Total Issued Shares	582,949,143*
10% of the Issued Shares	58,294,914
Less : Number of Treasury Shares held as at LPD	(3,949,200)
Balance available to be purchased under the Proposal	<u>54,345,714</u>

Note :
* Inclusive of 3,949,200 CGB Shares that have been purchased and retained as Treasury Shares

5. MAXIMUM AMOUNT OF FUNDS TO BE ALLOCATED AND THE SOURCE OF FUNDS

Paragraph 12.10(1) of the Listing Requirements stipulates that the Proposed Share Buy-Back must be made wholly out of the retained profits of the Company.

The maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the amount stated in the retained profits of the Company at the time of purchase. The retained profits of the Company based on its audited financial statements for the year ended 31 December 2023 is RM216,168,756.

The Proposed Share Buy-Back will allow the Board to exercise the power of the Company to purchase its own shares at any time during the abovementioned year using the internally generated funds of the Group and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on, amongst others, the availability of internally generated funds, the actual number of CGB Shares to be purchased and other relevant cost factors. The actual number of CGB Shares to be purchased and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained profits and the financial resources available to the Group.

Should the Proposed Share Buy-Back be financed through bank borrowings, the Board will ensure that there are sufficient funds to repay such borrowings and that the Proposed Share Buy-Back is not expected to have material effect on the working capital and cashflow of the CGB Group.

6. IMPLICATIONS OF THE CODE

In the event that the Company purchases the full amount of the CGB Shares authorised under the Proposed Share Buy-Back and all the CGB Shares so purchased are held as treasury shares, the equity interest of the Substantial Shareholders and their respective parties acting in concert triggering the obligation to undertake a mandatory offer under Paragraph 15(2) of the General Principle 12 of the Code and Paragraph 4.01 of Rule 4 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions, an exemption will be sought from the SC under Paragraph 4.15 of Rule 4 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions, before the purchase is made.

For illustration, if the equity interest of any one of the Substantial Shareholders and their respective parties acting in concert increases to more than 33% but less than 50% of the voting shares of CGB and such that their shareholdings of CGB increases in a period of six (6) months from the dates of purchase by more than 2%, the affected Substantial Shareholder and parties acting in concert would be obliged to undertake a mandatory offer for the remaining CGB Shares not held by the said affected Substantial Shareholder and parties acting in concert.

SC may grant a waiver to undertake a mandatory offer under Practice Note 9 of the Code, subject to the affected Substantial Shareholder and parties acting in concert complying with certain conditions, if obligation is triggered as a result of any action outside its direct participation. The Substantial Shareholders of CGB as disclosed in Section 12 herein have indicated that they intend to apply for the proposed exemption under Paragraph 4.15 of Rule 4 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions, if the obligation is expected to be triggered as a result of the Proposed Share Buy-Back. The effects of the Proposed Share Buy-Back on their shareholdings are set out in Section 12 herein.

7. TREATMENT OF SHARES BOUGHT BACK

In accordance with Section 127(4) of the Act, the Board is able to deal with any Purchased Shares in the following manner:

- (a) to cancel the Purchased Shares;
- (b) to retain the Purchased Shares as treasury shares; or
- (c) to retain part of the Purchased Shares as treasury shares and cancel the remainder.

The rationale for the decision to retain and/or re-sell the treasury shares will be based on the performance of the Shares on the stock market. Should the price of the Shares reach a level which will result in a gain to the Company, a decision to sell and/or distribute the Shares as share dividends will be considered. A decision to cancel any of the Treasury Shares would be taken if circumstance requires that the share capital of the Company should be reduced.

An announcement will be made to Bursa Securities in respect of the intention of the Directors on the proposed treatment of Shares bought back and the rationale of the alternatives chosen and if available, information as to the percentage or number of Shares purchased which are to be retained and/or cancelled.

Where the Directors resolve to cancel the Shares so purchased, the Company's total number of issued shares shall be diminished by the Shares so cancelled. We wish to highlight that the cancellation of Shares made pursuant to Section 127 of the Companies Act 2016, shall not be deemed to be a reduction of share capital.

Where the Directors resolve to retain the Shares so purchased as Treasury Shares, the Directors may:

- (a) distribute the Treasury Shares to shareholders as share dividends;
- (b) resell the Treasury Shares in accordance with the relevant rules of the Bursa Securities;
- (c) transfer the Treasury Shares for the purposes of or under an employees' share scheme;
- (d) transfer the Treasury Shares as purchase consideration;
- (e) cancel the Treasury Shares; or
- (f) sell, transfer or otherwise use the Treasury Shares for such other purposes as the Minister may by order prescribe.

Pursuant to Section 127(8) of the Act, the rights attached to the Treasury Shares in relation to voting, dividends and participation in any other distribution and otherwise are suspended. In accordance with Section 127(9) of the Act, the Treasury Shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at meetings.

The Company will make an immediate announcement to Bursa Securities of any purchase or resale of the CGB Shares and whether the Purchased Shares will be cancelled, sold, transferred or retained as Treasury Shares or a combination.

8. PUBLIC SHAREHOLDING SPREAD

As at LPD, the public shareholding spread of the Company was 72.39% based on the total number of issued shares of 578,999,943 Shares (excluding Treasury Shares). Assuming that the Proposed Share Buy-Back is fully implemented, the public shareholding spread of the Company would reduce to approximately 69.53%.

The Board is mindful of the requirement that any purchase of CGB Shares by the Company must not result in the public shareholding spread of CGB falling below 25% of its issued share capital.

9. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

- (i) The Proposed Share Buy-Back will enable CGB to have an additional option to utilise its surplus financial resources.
- (ii) In addition, the Purchased Shares may be held as Treasury Shares and resold on Bursa Securities with the intention of realising a potential gain without affecting the total issued and paid-up share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.
- (iii) With the mandate, the Company will also be able to stabilise the supply and demand of CGB Shares traded on the Bursa Securities and thereby supports its fundamental value, if required.

10. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

Advantages

- a) The Company may be able to stabilise the supply and demand of its Shares in the open market and thereby support its fundamental value.

The stability of the Share price is important in order to maintain investors' confidence to facilitate the Company's future fund raising exercises via issues of equity Shares or other instruments, should there be any such exercise in future.

- b) If the Shares bought back are kept as Treasury Shares, it will give the Directors an option to re-sell the Shares so purchased at a higher price when market conditions improve and therefore make an exceptional gain for the Company. Alternatively, the Shares so purchased can be distributed as share dividends to shareholders. The Directors may also transfer the shares for the purpose of an Employees' Share Scheme or as purchase consideration.
- c) The earnings per share of CGB Group would be enhanced (all things being equal).

Disadvantages

- a) The Proposed Share Buy-Back will reduce the amount of financial resources available for distribution to the shareholders of the Company and may result in the Group having to forgo feasible investment opportunities that may emerge in the future. However, the financial resources of the Group may increase if the CGB Shares so purchased held as treasury shares are resold at prices higher than their purchase price.
- b) The working capital of the Group will also be affected, as any purchase of CGB Shares will reduce the Group cashflow depending on the actual number of shares purchased and their purchase price.

The Board will be mindful of the interests of the Company, the Group and the shareholders in implementing the Proposed Share Buy-Back.

11. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

The effects of the Proposed Share Buy-Back are as follows:

(i) Share Capital

In the event that the Company acquires the full ten percent (10%) of the total number of issued shares of the Company authorised under the Proposed Share Buy-Back and all the CGB Shares so acquired are cancelled, the total number of issued shares of the Company will be as follows:

	No. of Ordinary Shares
Total Number of Issued Shares as at LPD#	582,949,143
Maximum number of CGB shares that may be cancelled pursuant to the Proposed Share Buy-Back	(58,294,914)
Total Number of Issued Shares upon completion of the Proposed Share Buy-Back	524,654,229

Total Issued Shares includes 3,949,200 Treasury Shares

If the Shares so purchased pursuant to the Proposed Share Buy-Back are re-sold in the open market, the Proposed Share Buy-Back will have no effect on the Share Capital.

(ii) Net Assets

- a) The effect of the share repurchase on the net assets per share of the CGB Group is dependent on the number of CGB Shares which the Company will buy-back, purchase price of the CGB Shares at the time of buy-back, the treatment of the shares so purchased and the funding cost, if any.
- b) If the maximum number of CGB Shares purchased is cancelled, the share repurchase would reduce the net assets per share of the Group if the purchase price exceeds the net assets per share at the relevant point in time. Conversely, the net assets per share of the Group would increase if the purchase price is less than the net assets per share at the relevant point in time.
- c) If the CGB Shares are retained as treasury shares, the net assets per share would increase/decrease depending on the purchase price of the CGB Shares. The net assets per share of the Group would reduce if the purchase price exceeds the net assets per share and vice versa.
- d) If the treasury shares are resold on the Bursa Securities, the net assets per share will increase if the Company realises a gain from the resale, and vice versa. If the treasury shares are distributed to shareholders as share dividends, the net assets per share will decrease by the cost of the treasury shares.

(iii) Earnings

- a) The effects of the Proposed Share Buy-Back on the earnings of the Group are dependent on the purchase prices of CGB Shares and the effective funding cost to finance such purchases and/or loss in interest income to the Group, if internally generated funds are utilised.

- b) For instance, the share repurchase will increase the EPS of the CGB Group if the effective funding cost and/or loss in income to the Company which is attributable to every repurchased share is lower than the EPS of the CGB Group and vice versa.
- c) If the CGB Shares so purchased are cancelled, the consolidated EPS of the Group will increase provided the income foregone and interest expense incurred on these shares is less than the consolidated EPS prior to such purchase.

(iv) Working Capital

The working capital of CGB Group will be reduced to the extent of the amount of funds utilized for the purchases of the Shares but is not expected to have a material adverse effect on the working capital of CGB Group.

(v) Dividends

- a) Assuming the Proposed Share Buy-Back is implemented in full, the share repurchase will have the effect of increasing the dividend rate per ordinary share of CGB as a result of a decrease in the number of shares in CGB which are entitled to participate in the dividends.
- b) The Proposed Share Buy-Back may have an impact on the Company's dividend policy, if any as it would reduce the cash available for dividend payment, which may otherwise be used for dividend payment. Nonetheless, the Purchased Shares which retained as Treasury Shares may be distributed as dividends to shareholders of the Company, if the Directors so decide.

(vi) Cash Flow

The Proposed Share Buy-Back is not expected to adversely affect the cash requirements of the Company as the cash outflow is not substantial.

(vii) Convertible Securities

- 174,132,762 outstanding Warrants 2021/2026 expiring on 26 June 2026 ("Warrant B") with an exercise price of RM2.30 per each Warrant B for 1 new ordinary share; and
- 86,849,991 Employee Share Scheme ("ESS"). The ESS of not more than 15% of the number of issued shares of the Company (excluding treasury shares) was implemented on 2 July 2021 for a period of 5 years and may be extended for up to another 5 years immediately from the expiry of the first 5 years. However, as at LPD, there were no ESS offered to the Directors and Employees of the Company.

Save for the above, the Company does not have any other convertible securities.

12. SHAREHOLDINGS OF DIRECTORS AND MAJOR/SUBSTANTIAL SHAREHOLDERS

The table below shows the direct and deemed equity interests held by the Directors, Substantial Shareholders and persons connected to the Directors and/or Substantial Shareholders as at LPD and their pro-forma percentage shareholdings in the Company upon completion of the Proposed Share Buy-Back, assuming that the Proposed Share Buy-Back was carried out in full on LPD.

Directors	Based on Issued Share Capital as at LPD of 578,999,943 (After excluding 3,949,200 Treasury Shares)				Based on Pro-forma Issued Share Capital after the Proposed Share Buy-Back of 524,654,229 [@]			
	Direct		Deemed		Direct		Deemed	
	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Tan Sri Dato' Lau Eng Guang	13,507	2.33	128,200 ⁽¹⁾⁽²⁾	22.14	13,507	2.57	128,200 ⁽¹⁾⁽²⁾	24.44
Lau Joo Yong	-	-	-	-	-	-	-	-
Lau Joo Pern	-	-	-	-	-	-	-	-
Chu Nyet Kim	-	-	-	-	-	-	-	-
Khoo Chie Yuan	-	-	-	-	-	-	-	-
Datuk Amnah binti Ibrahim	350	0.06	-	-	350	0.07	-	-
Substantial Shareholders								
Keen Setup Sdn Bhd	104,300	18.01	-	-	104,300	19.88	-	-
Tan Sri Dato' Lau Eng Guang	13,507	2.33	128,200 ⁽¹⁾⁽²⁾	22.14	13,507	2.57	128,200 ⁽¹⁾⁽²⁾	24.44
Datin Goh Kim Kooi	175	0.03	104,300 ⁽²⁾	18.01	175	0.03	104,300 ⁽²⁾	19.88

Notes:

[@] On the assumption that CGB repurchase the maximum 58,294,914 CGB Shares, representing ten percent (10%) of its total number of issued shares of 582,949,143 CGB Shares.

- (1) Deemed interested by virtue of their interest of his spouse's/children's shareholdings in CGB pursuant to Section 59(11)(c) of the Act;
- (2) Deemed interested by virtue of his/her interest in Keen Setup Sdn Bhd pursuant to Section 8 of the Act.

13. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of the Shares traded on Bursa Securities for the preceding twelve (12) months preceding the date of this Statement (being the last full trading month period to the LPD) are as follows:

	High	Low
	RM	RM
<u>2023</u>		
April	0.435	0.370
May	0.395	0.345
June	0.390	0.345
July	0.390	0.360
August	0.390	0.350
September	0.380	0.350
October	0.495	0.340
November	0.555	0.420
December	0.525	0.450
<u>2024</u>		
January	0.475	0.400
February	0.420	0.385
March	0.430	0.420

(Source: finance.yahoo.com)

The last transacted price of CGB Shares on LPD being the last market day prior to the printing of this Statement was **RM0.425**.

14. PURCHASE, CANCELLATION OF SHARES AND RE-SALES/TRANSFER OF TREASURY SHARES MADE IN THE PRECEDING TWELVE (12) MONTHS

As at the LPD, a total of 3,949,200 Shares were purchased and held as Treasury Shares. The Company has not resold, transferred or cancelled any Treasury Shares on Bursa Malaysia during the preceding 12 months and up to the LPD.

15. CONDITIONS OF THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back is subject to the approval of the shareholders of the Company.

16. INTEREST OF THE DIRECTORS AND MAJOR SHAREHOLDERS

None of the Directors, Substantial Shareholders and persons connected to the Directors and/or Major Shareholders (as defined in the Listing Requirements of Bursa Securities) have any direct or deemed interest in the Proposed Share Buy-Back.

17. DIRECTORS' STATEMENT AND RECOMMENDATION

Your Directors, having considered all aspects of the Proposed Share Buy-Back, are of the opinion that the Proposed Share Buy-Back is in the best interests of the CGB Group. Accordingly, they recommend that you vote in favour of the Proposed Share Buy-Back at the forthcoming AGM of the Company.

18. AGM

The Eighty-Third (83rd) AGM of the Company, the Notice of which is enclosed in the Annual Report 2023 of CGB for the financial year ended 31 December 2023 will be conducted through live streaming and online remote using Remote Participation and Voting Facilities (“RPV”) meeting platform at <https://meeting.boardroomlimited.my> as a fully virtual general meeting for the purpose of considering and, if thought fit, passing the ordinary resolution on the Proposed Share Buy-Back under the agenda of Special Business as set out in the Notice.

You will also find enclosed in the Annual Report, a Form of Proxy which you are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible, so as to arrive at the Share Registrar’s office of the Company not later than 48 hours before the time fixed for the 83rd AGM, should you wish to appoint a proxy/proxies to attend and vote for you and on your behalf, at the 83rd AGM or at any adjournment thereof. The completion and return of the Form of Proxy does not preclude you from attending and voting in person at the 83rd AGM should you subsequently wish to do so, but if you do, your proxy shall be precluded from attending the said AGM.

19. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix for further information.

Yours faithfully
For and on behalf of the Board of Directors

Tan Sri Dato’ Lau Eng Guang
Executive Chairman

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by Board of Directors of CGB and they collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts or omission of which would make any statement in this Circular false or misleading.

2. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Neither CGB nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as a plaintiff or defendant as at the date of LPD, and the Directors of CGB do not have any knowledge of any proceedings pending or threatened against CGB or its subsidiaries, or of any facts likely to give rise to any proceedings which might materially or adversely affect the position or business of the Group except for the legal proceedings in relation to the Notices of Tax Assessment raised on Comfort Rubber Gloves Industries Sdn Bhd ("CRGI") and Gallant Quality Sdn Bhd ("GQ"), wholly owned subsidiaries of Comfort Gloves Berhad ("CGB" or "The Company"), by the Director General Of Inland Revenue ("DGIR") as announced.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts (not being contracts entered into in the ordinary course of business) entered into by CGB and/or its subsidiary companies within the two (2) years immediately preceding the date of this Circular:

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, during office hours and on Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming AGM:

- (i) The Constitution of CGB; and
- (ii) The Audited Financial Statements of CGB Group for the financial period ended 31 December 2022 and financial year ended 31 December 2023.